

2016 Financial Statements

Letter from Jeffrey Fernandez, Vice President for Operations and Chief Financial Officer

We are pleased to present the CY 2016 audited financial statements of the Woods Hole Oceanographic Institution (WHOI) and are grateful to our many funders, both private and federal, for their support of WHOI's mission of ocean research, exploration and education.

While the balance sheet looks strong, the Federal funding outlook remains uncertain and our total funded Sponsored Research decreased by 6% vs. 2015, mainly due to decreased funding from the National Science Foundation's Ocean Observatories Initiative, which moved from the construction phase in 2015 to the operations and maintenance phase in 2016. Despite continued pressure on the federal science budget, WHOI has met and will meet significant institutional financial and operational goals, such as progress towards balancing the unrestricted budget, full pay-down of our line of credit balance, the establishment of our Investment in Science Program and the implementation and board approval of a more commonly accepted cost distribution structure for calendar year 2017. Our efforts to identify and implement these fiscal initiatives are ongoing.

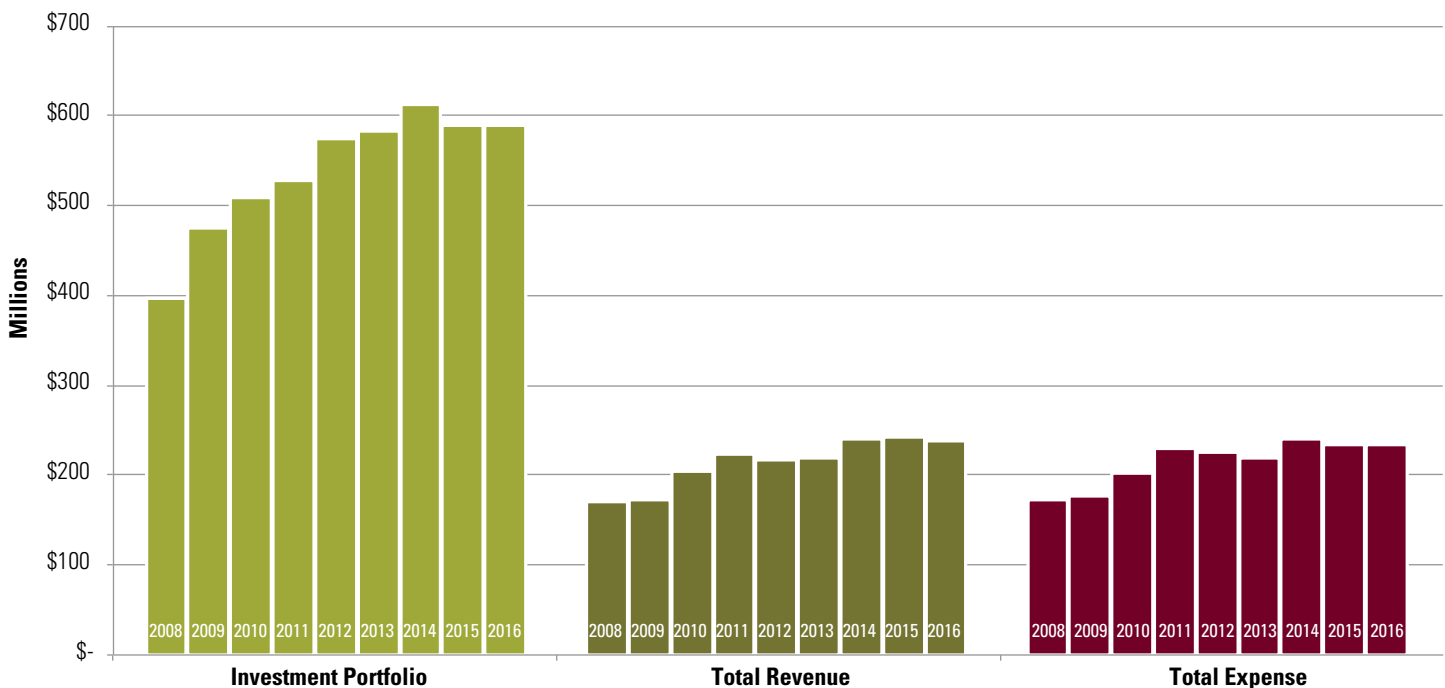
Statement of Financial Position

At December 31, 2016 WHOI's total assets were \$581.1 million, total liabilities were \$265.5 million and total net assets were \$315.5 million.

Net assets represent the accumulated financial strength of a not-for-profit organization and are an important gauge of its ability to carry out its mission. Included in the liabilities is the Massachusetts Health and Educational Facilities Authority bond debt of \$52.3 million.

The endowment, \$415.9 million, represents 72% of the total assets at December 31, 2016.

Financial Trends



Statement of Activities

WHOI's total operating revenues decreased by \$2.9 million; from \$239.5 million in CY 2015 to \$236.6 million in CY 2016; and the Institution's change in net assets from operating activities was \$4.2 million.

\$19.2 million of endowment income and appreciation was distributed to operations as follows:

- Education \$8.3 million
- Research \$7.0 million
- Unrestricted \$3.9 million

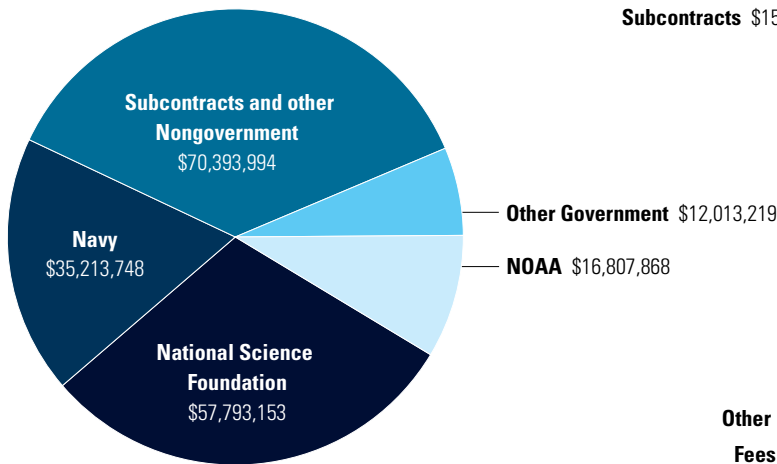
The Institution had overhead costs of \$88.3 million, and approximately 64% of that amount, \$56.7 million, was recovered from the government and non-government research. The remainder was institutional expenses.

WHOI paid \$4.4 million in interest during CY 2016 and \$1.8 million in principal payments on the \$52.3 million outstanding debt in CY 2016. The Federal government allows interest and depreciation for real property and equipment in the Institution's overhead rates for reimbursement.

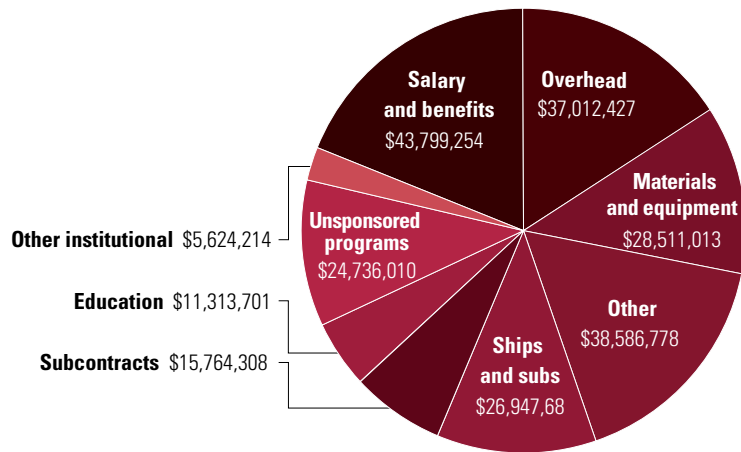
Summary

The Institution's commitment to world leadership in ocean science remains unwavering. In the face of an uncertain federal funding climate, we are actively working to grow funding from foundations and private funders, whose support is crucial to our work and which funds high-risk, high-reward projects that help accelerate discovery. Additionally, as referenced in the Chairman's and Director's Report on page 1, we are exploring alternate funding streams, including leveraging our scientific and engineering expertise in both federal and industry marketplaces. We will continue to think and plan strategically and creatively to assure our long-term success.

Research Funding: \$192.2M



Operating Expenses: \$232.3M



Revenue: \$236.6M

